

Q4 2018

PRESENTATION

Webstep ASA

OSLO, 14 FEB 2019

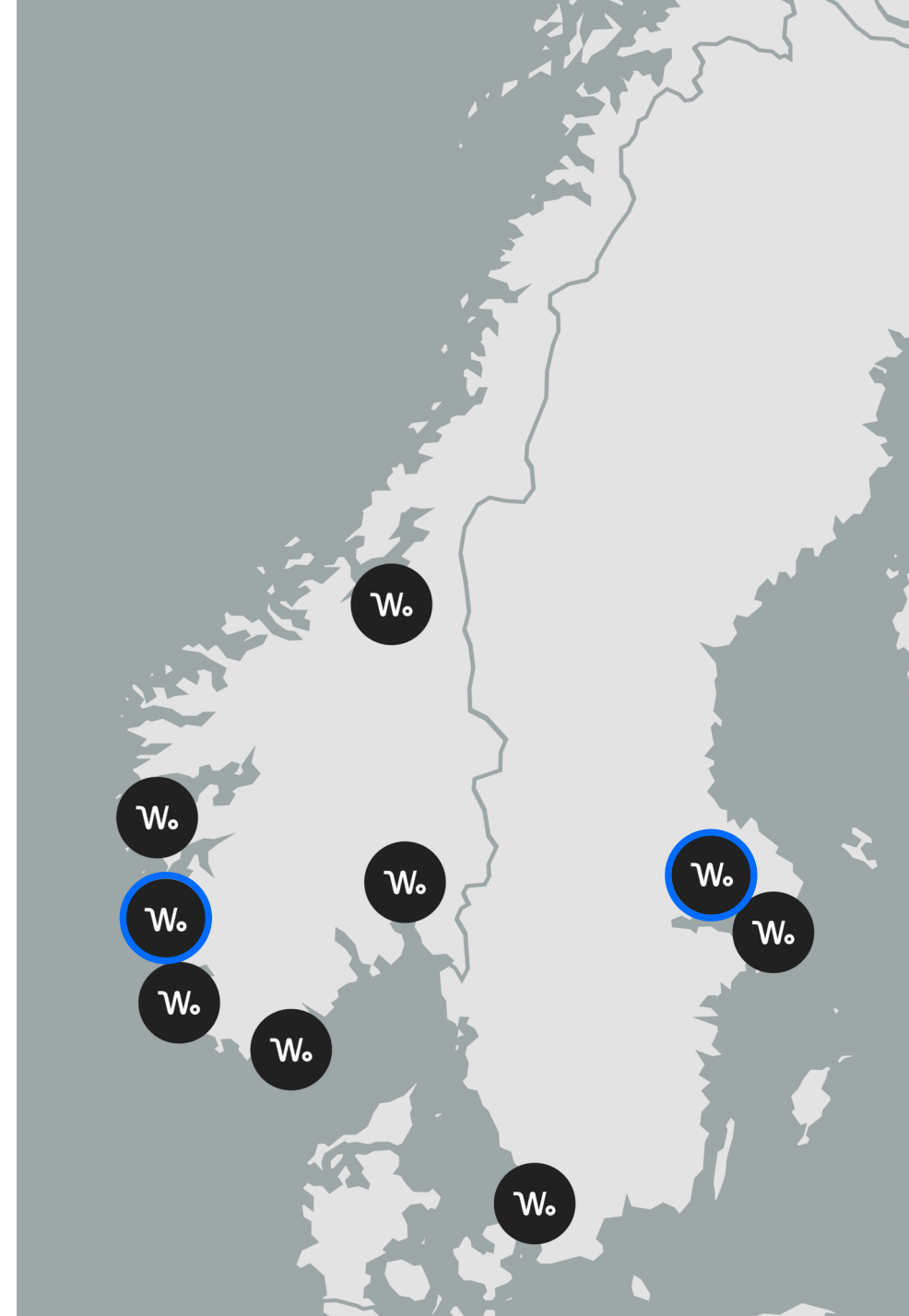
Kjetil Eriksen, CEO
Liv Annike Kverneland, CFO



1. **Highlights**
2. Business review
3. Financial review
4. Outlook
5. Q&A

Q4 AND FY HIGHLIGHTS

- Strong revenue growth in 2018
 - Q4: NOK 175.3 m (+6%)
 - FY: NOK 663.2 m (+11%)
- Solid EBITDA
 - Q4: NOK 17.5 m (+214%, -10% ex. non-recurring costs)
 - FY: NOK 78.8 m (+38%, +11% ex. non-recurring costs)
- Very strong order book at year end
- Solid financial position – equity ratio of 70% (68%)

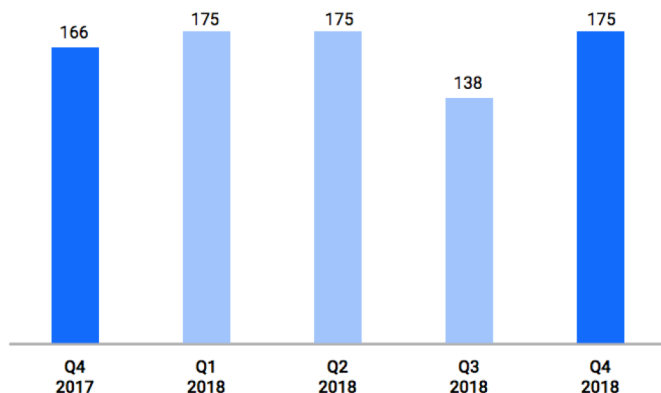


CAPACITY AND SEASONALITY

KEY VALUE DRIVERS

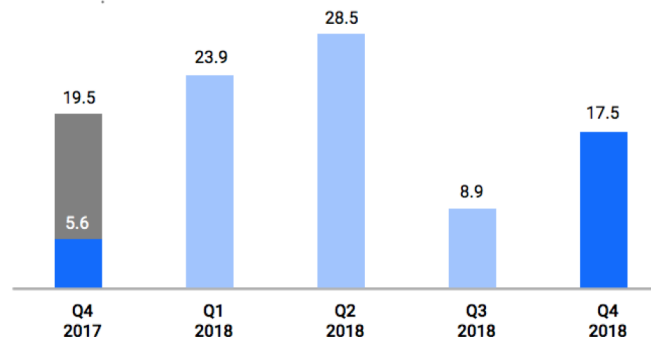
Revenues by quarter

NOK million



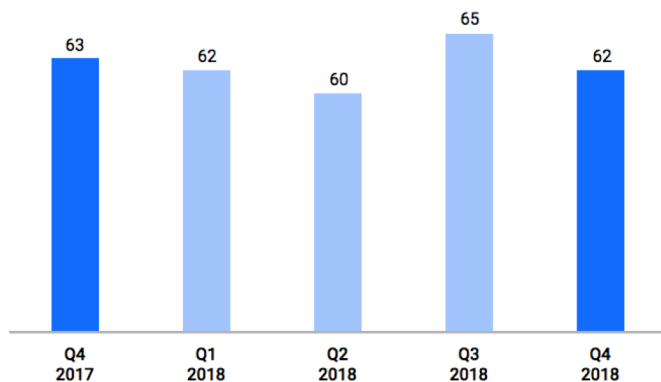
EBITDA by quarter ¹⁾

NOK million

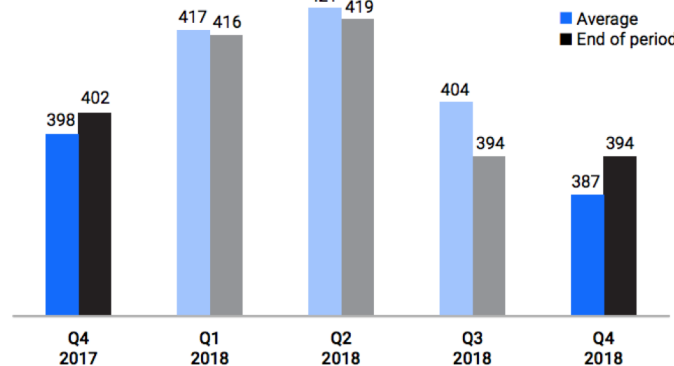


Working days by quarter, Norway (excl. vacation)

NOK million



Number of employees by quarter
(average and end of period) ²⁾



Highlights Q4

- Revenues +6% Y/Y
- Higher hourly rates and utilisation boost revenue, but lower capacity compared to Q4 2017
- Higher cost of services and goods due to increased use of subcontractors affects EBITDA

1) IPO costs and other non-recurring items of NOK 14 million recorded in Q4 2017

2) Average number of employees in Q1 and Q2 2018 has been adjusted compared to the Q1 and Q2 interim reports due to an error in headcount. Q1 has been adjusted by +7 and Q2 by +9.

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BUSINESS REVIEW

MARKET AND CUSTOMERS

Market conditions **exceeding expectations**

- Strong willingness to pay for expert IT services
- Structural upward shift in rates continues
- High demand for core digitalisation services

Major cloud players boost deliveries through **expert partners**

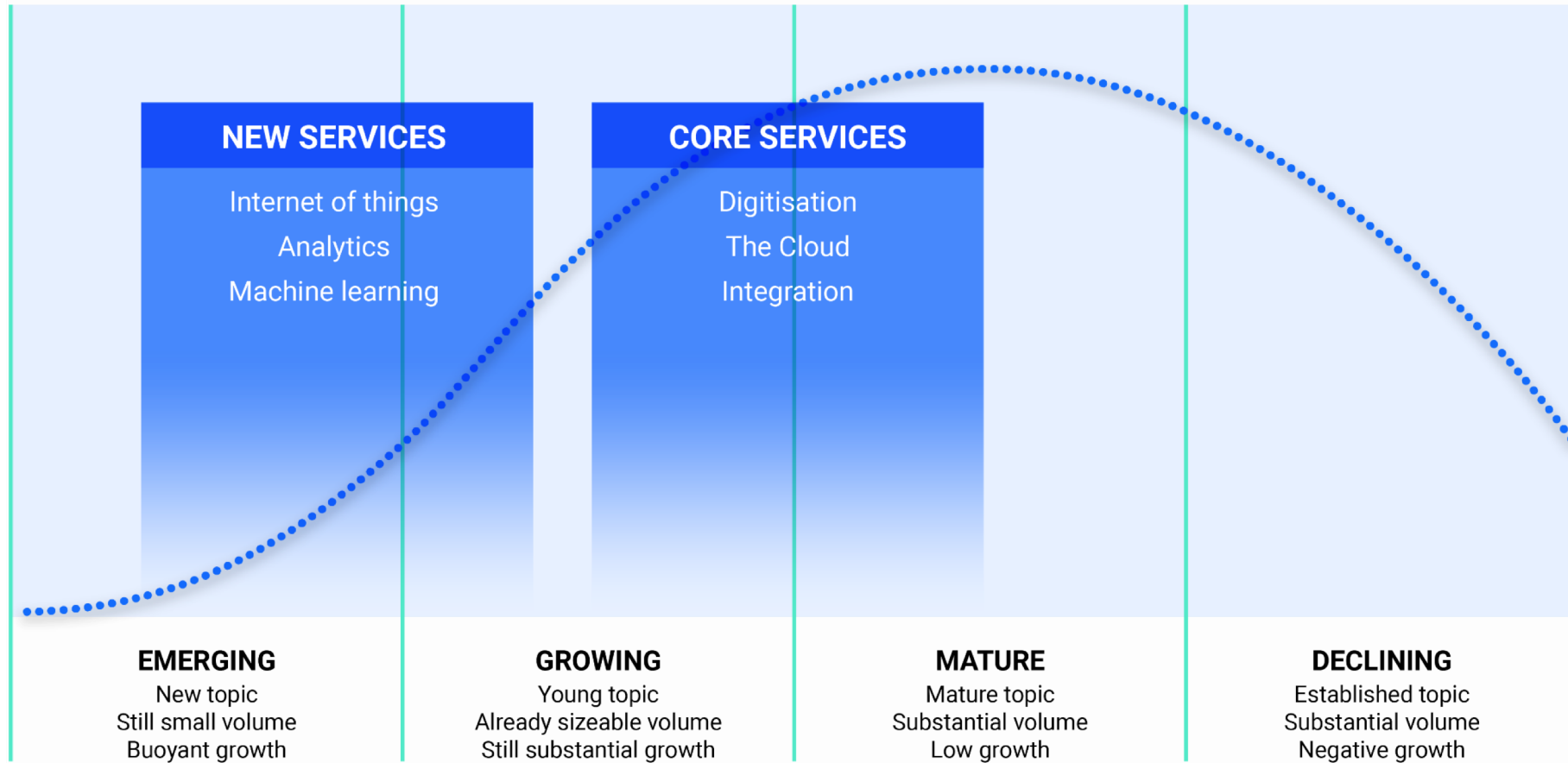
- Amazon Web Services' focus on the Nordic countries paves the way for Webstep's cross selling and deliveries
- As new Google Cloud Platform Partner, working with Google to prepare and qualify consultants to meet market demands

Expanding **the market reach**

- New office opened in Haugesund, Norway in Q4
- New office in Uppsala, Sweden prepared in Q4 and opened in Q1 2019



ENABLING FUTURE GROWTH MEETING TODAY'S DEMAND



BUSINESS REVIEW

HOME SECURITY AND OPTIMISATION OF INDUSTRIAL MAINTENANCE

ASSA ABLOY

ASSA ABLOY uses machine learning and artificial intelligence to detect break-in attempts

- Webstep has helped ASSA ABLOY on smart surveillance systems using deep learning and machine learning to detect attempts to break-in through windows
- ASSA ABLOY wants to prevent or predict when industrial doors are going to break, repair them as soon as possible, and optimise the doors' maintenance cycles
- By combining cloud technology and micro computers with predictions from machine learning models, optimisation of maintenance cycles of industrial doors are estimated - showing promising results.

BUSINESS REVIEW

RECOMMENDER SYSTEM THROUGH ADVANCED MACHINE LEARNING



Sumo

Strong competition from Netflix and HBO sets high demands for delivering attractive, personalised products to TV2 Sumo customers

- With more than 400 000 customers TV2 Sumo is one of the largest and most popular streaming services of movies, series, news and sport in Norway.
- Through advanced machine learning algorithms, Webstep helps TV2 in building new recommender systems
- Using a combination of metadata and viewing history the user are presented a number of personalised feeds containing movies and series that matches the user profile
- The first version of movie recommendations, showed a 3-fold increase in customer “click-rate”. Current development focus on series recommendations

BUSINESS REVIEW

CONTROLLING TEMPERATURES ON CRITICAL EQUIPMENT



Being one of the world's leading integrated electricity and gas operators, Enel generates more than 86 GW of energy, selling and distributing to more than 70 million end users in 34 countries across 5 continents

- Enel needs to control temperature on critical equipment at their 100 000 transformer stations along their 2.2 million km network
- The first station, in Barcelona, is now populated with 1 000 temperature sensors from Disruptive Technologies
- Enel uses OsiSoft for their “Equipment control and maintenance” platform. Webstep did the SW integration between DT and Enel platforms

BUSINESS REVIEW

SAVINGS AND INVESTMENT DIGITALISATION



Storebrand is optimising their investment management operation and positioning for future growth

- The systems developed at Skagen will be the core of the future Storebrand savings and investment platform
- Existing clients and fund holdings at Storebrand are migrated to the new Skagen platform
- Webstep senior consultants have been crucial in the development of the portfolio so far, and Webstep is positioned for future growth in demand across all service areas

BUSINESS REVIEW

EMPLOYEES AND ORGANISATION

Continued **strong competition** for IT experts

- Replacement of staff a top priority, but recruitment is time consuming and subject to fierce competition for talents
- Several measures taken to further strengthen Webstep's strong culture and position as an attractive employer

New **geographical locations** support future growth

- Geographical expansion is the core model for organic growth
- New offices in Haugesund (Q4), and Uppsala (Q1)

Share **investment program** for employees

- The majority of the employees participated

Kjetil Eriksen **steps down as CEO**

- Arne Norheim (Country General Manager of IBM) to take over the CEO position 2 May 2019
- Mr Eriksen will continue as CEO until this date



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FINANCIAL REVIEW | PROFITABLE REVENUE GROWTH

(Amounts in NOK million)	Q4 2018	Q4 2017	% Change	Q4 YTD 2018	Q4 YTD 2017	% Change
Total revenues	175.3	165.9	5.7 %	663.2	596.5	11.2 %
Cost of services and goods	25.4	16.6		70.6	49.3	
Salaries and personell cost	119.3	128.5		470.8	448.4	
Other operating expenses	13.1	15.2		42.9	41.7	
EBITDA¹⁾	17.5	5.6	214.1 %	78.8	57.1	38.0 %
EBITDA margin ²⁾	10.0 %	3.4 %		11.9 %	9.6 %	
Depreciation and amortisation	1.0	1.7		2.9	8.2	
EBIT	16.5	3.8	330.0 %	75.9	48.9	55.1 %
EBIT margin	9.4 %	2.3 %		11.4 %	8.2 %	
Net financial items	-0.6	-2.3		-2.3	-8.6	
Profit before tax	15.9	1.5	930.4 %	73.5	40.4	82.2 %
Income tax expenses	4.1	-2.8		17.3	6.5	
Profit for the period	11.8	4.4	171.9 %	56.2	33.9	66.1 %
Earnings per share (NOK)	0.45	0.17	163.3 %	2.13	1.55	37.8 %
Earnings per share. fully diluted (NOK)	0.45	0.17		2.12	1.55	

- Higher hourly rates and utilisation boost revenue, but lower capacity compared to Q4 2017
- Higher cost of services and goods due to increased use of subcontractors
- NOK 13.9 m non-recurring costs recognized in Q4 2017

¹⁾ EBITDA ex. non-recurring costs:

²⁾ EBITDA margin ex. non-recurring costs:

Q4 2017: NOK 19.5 m, FY 2017: NOK 71.0 m

Q4 2017: 11.8 %, FY 2017: 11.9 %

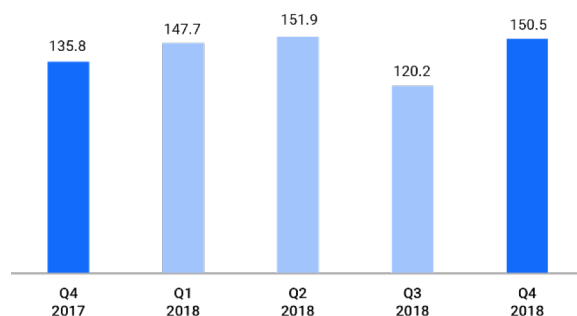
FINANCIAL REVIEW | NORWAY

Summing up

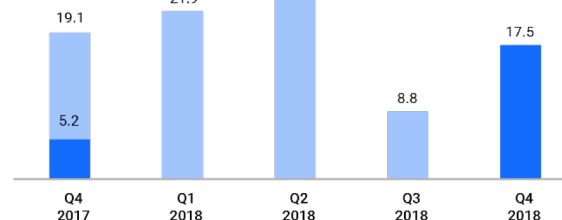
- Strong revenue growth:
 - Q4 NOK 150.5 m (+11%)
 - FY NOK 570.3 m (+15%)
- Market situation remains very favourable, high order intake and backlog
- Higher hourly rates and utilisation boost revenue, but lower capacity compared to Q4 2017
- Increased use of subcontractors reduces margins



Norway – revenues by quarter
NOK million



Norway – EBITDA by quarter ¹⁾
NOK million



¹⁾ IPO costs and other non-recurring items of NOK 14 million recorded in Q4 2017

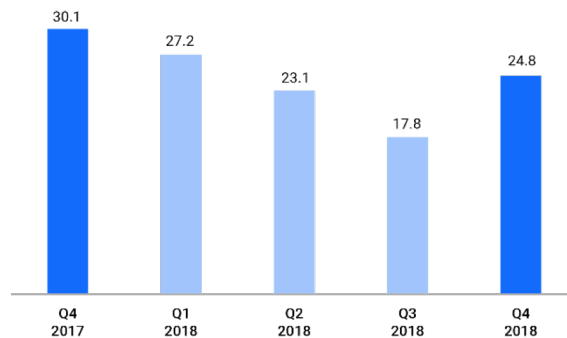
FINANCIAL REVIEW | SWEDEN

Summing up

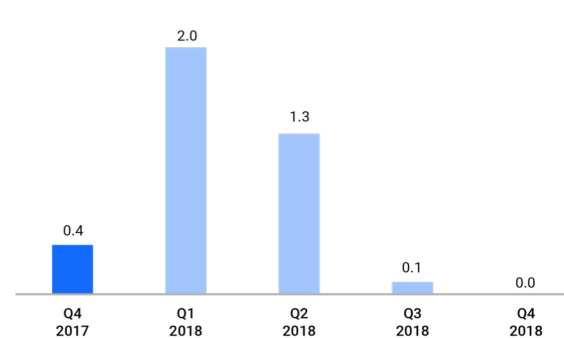
- Revenues:
 - Q4 NOK 24.8 m (-18%, -14% constant currency)
 - FY NOK 92.8 m (-8%, -5% constant currency)
- Revenue reduced due to less use of subcontractors and negative currency effect, but positive effect from increased hourly rates and utilisation
- New office in Uppsala opening in Q1 2019



Sweden – revenues by quarter
NOK million



Sweden – EBITDA by quarter
NOK million



FINANCIAL REVIEW | A CAPITAL EFFICIENT BUSINESS

(Amounts in NOK million)

	31 December	
	2018	2017
ASSETS		
<i>Non-current assets</i>		
Intangible assets	387.8	387.1
Fixed assets	5.0	5.2
Non-current financial assets	0.0	0.0
Deferred tax asset	0.4	0.2
Total non-current assets	393.3	392.5
<i>Current assets</i>		
Trade receivables	103.3	125.5
Other current receivables	5.0	3.6
Cash and short-term deposits	33.5	6.6
Total current assets	141.7	135.7
Total assets	535.0	528.3

Receivables lower:

- Trade receivables at year end NOK 103.3 m, down from NOK 125.5 m
- 31 December falling on a weekday in 2018 and on a Sunday in 2017 explains the reduced receivables, as most receivables are due the last day of the month

Strong equity position (70%) and low non-current liabilities reflect strong performance

- Treasury shares reduced after employee share investment program

(Amounts in NOK million)

	31 December	
	2018	2017
EQUITY		
Share capital	27.0	27.0
Treasury shares	-0.5	-0.6
Share premium	154.0	149.8
Retained earnings	196.1	181.6
Non-controlling interest	-	-
Total equity	376.6	357.7
LIABILITIES		
<i>Non-current liabilities</i>		
Borrowings	-	-
Deferred tax	1.8	1.6
Total non-current liabilities	1.8	1.6
<i>Current liabilities</i>		
Debt to credit institutions	-	24.3
Trade and other payables	21.6	16.7
Tax payable	16.5	7.3
Dividends payable	-	-
Social taxes and VAT	53.7	49.3
Other short-term debt	64.9	71.4
Total current liabilities	156.7	168.9
Total equity and liabilities	535.0	528.3

FINANCIAL REVIEW | CASH FLOW

(Amounts in NOK million)

	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Operating activities		
Profit/(loss) before tax	73.5	40.4
Adjustments for:	-	-
Depreciation of property, plant and equipment	2.9	8.2
Net change in trade and other receivables	20.9	-40.9
Net change in other liabilities	2.8	17.0
Net foreign exchange differences	-0.2	0.7
Income tax expenses	-8.0	-17.2
Net cash flow from operating activities	91.9	8.0
Investing activities		
Payments for R&D initiative	-2.8	-3.6
Purchase of property and equipment	-2.7	-4.5
Net cash flow from investing activities	-5.5	-8.0
Financing activities		
Repayment of borrowings	-	-192.5
Change in bank overdraft	-24.3	-4.4
Net proceeds from equity	-	123.2
Payment of dividends	-39.5	-
Sale of treasury shares	4.3	-
Net cash flows from financing activities	-59.6	-73.8
Net increase/(decrease) in cash and cash equivalents	26.9	-73.7
Cash and cash equivalents at 1 January	6.6	80.3
Cash and cash equivalents at end of period	33.5	6.6

- Strong cash generation in 2018
- Profits and reduction in receivables resulted in NOK 92 m in net operating cash flow
- Cash balance of NOK 33.5 m 31 Dec 2018 (NOK 6.6 m)

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OUTLOOK

A SUSTAINED STRONG MARKET

Market outlook is **robust**

- Digitalisation of private and public sectors - a growth driver
- Increase in hourly rates expected to continue, especially for new engagements

Several initiatives to **strengthen future growth**

- **Geographical expansion:** From seven to eleven regional offices in 2019
- **M&A:** Ongoing search for potential M&A-targets which can match Webstep's high quality standards
- **Recruitment:** Lower capacity expected in H1 2019 compared to H1 2018 due to strong competition for recruitment of IT experts

Very **strong order book** confirms solid market position

Overall ambition unchanged; profitable growth and EBITDA margin above the average market levels



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APPENDIX

FINANCIAL REVIEW | SEGMENTS

NORWAY

(Amounts in NOK million)

	Q4 2018	Q4 2017	YTD 2018	FY 2017
Sales revenues	150.5	135.8	570.3	495.2
EBITDA ¹⁾	17.5	5.2	75.3	51.4
EBITDA margin ¹⁾	11.6%	3.8%	13.2%	10.4%
EBITDA excl. non-recurring costs ¹⁾	17.5	19.1	75.3	65.4
EBITDA margin excl. non-recurring costs ¹⁾	11.6%	14.1%	13.2%	13.2%
Number of employees, average (FTE)	328	338	348	331
Number of employees, end of period	334	342	334	342
Number of work days, Norway (excl. vacation)	62	63	249	251
EBITDA per average employee ¹⁾ (tNOK)	53.2	15.3	216.6	155.4
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	53.2	56.6	216.6	197.5

¹⁾ Adjusted for IPO costs and other non-recurring items of NOK 14.0 million in Q4 2017. See note 12 for alternative performance measures.

FINANCIAL REVIEW | SEGMENTS

SWEDEN

(Amounts in NOK million)

	Q4 2018	Q4 2017	YTD 2018	FY 2017
Sales revenues	24.8	30.1	92.8	101.3
EBITDA ¹⁾	0.0	0.4	3.5	5.7
EBITDA margin ¹⁾	0.2%	1.3%	3.7%	5.6%
EBITDA excl. non-recurring costs ¹⁾	0.0	0.4	3.5	5.7
EBITDA margin excl. non-recurring costs ¹⁾	0.2%	1.3%	3.7%	5.6%
Number of employees, average (FTE)	58	60	59	63
Number of employees, end of period	60	60	60	60
Number of work days, Sweden (excl. vacation)	62	63	251	251
EBITDA per average employee ¹⁾ (tNOK)	0.8	6.7	58.7	89.7
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	0.8	6.7	58.7	89.7

¹⁾ See note 12 for alternative performance measures.

FINANCIAL REVIEW | EQUITY CHANGES

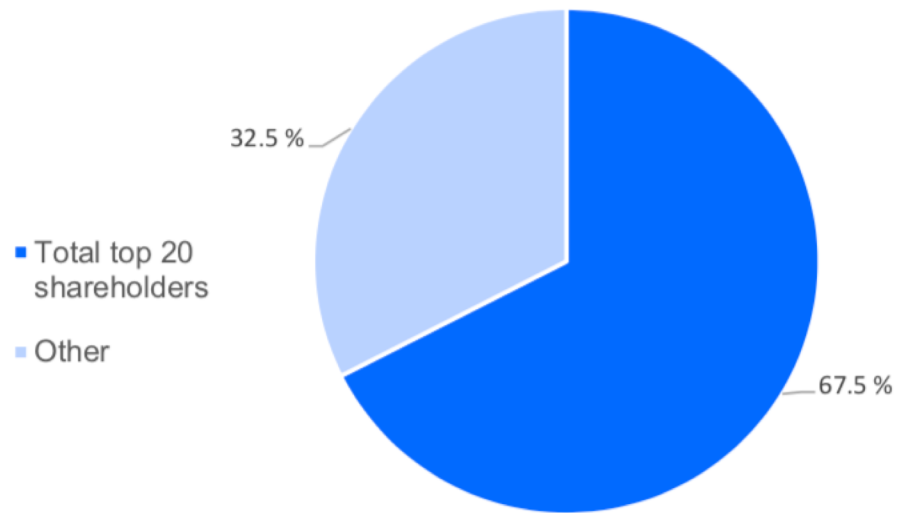
<i>(Amounts in NOK 1000)</i>	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents	Non-controlling interest	Total equity
At 1 January 2017	21 256	(610)	32 109	8 847	135 316	196 918	-	196 918
Profit for the period	-	-	-	-	33 851	33 851	-	33 851
Other comprehensive income/(loss)	-	-	-	3 544	-	3 544	-	3 544
Net purchase of treasury shares	-	-	-	-	-	-	-	-
Shared issued	5 711	-	117 477	-	-	123 189	-	123 189
Share incentive program	-	-	237	-	-	237	-	237
At 31 December 2017	26 967	(610)	149 823	12 391	169 167	357 738	-	357 738
Profit for the period	-	-	-	-	56 220	56 220	-	56 220
Sales treasury shares	-	124	3 020	-	-	3 144	-	3 144
Other comprehensive income/(loss)	-	-	-	(2 109)	-	(2 109)	-	(2 109)
Share incentive program	-	-	1 117	-	-	1 117	-	1 117
Dividends	-	-	-	-	(39 535)	(39 535)	-	(39 535)
At 31 December 2018	26 967	(486)	153 960	10 282	185 851	376 574	-	376 574

TOP 20 SHAREHOLDERS | AT 11 FEBRUARY 2019

Shareholder name	Shares	%	Type	Country
ARCTIC SECURITIES AS, MEGLERKONTO	3 844 255	14.3	Broker	Norway
Virtus KAR International Small-Cap	3 831 491	14.2	Ordinary	United States
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 556 645	5.8	Ordinary	Norway
COLINA INVEST AS	839 080	3.1	Ordinary	Norway
Goldman Sachs International	783 058	2.9	Nominee	United Kingdom
PARK LANE FAMILY OFFICE AS	775 000	2.9	Ordinary	Norway
HANDELSBANK NORDISKA SMABOLAGSFOND	741 869	2.8	Ordinary	Sweden
VPF NORDEA NORGE VERDI	685 000	2.5	Ordinary	Norway
SOLE ACTIVE AS	551 046	2.0	Ordinary	Norway
Danske Invest Norge Vekst	542 000	2.0	Ordinary	Norway
WEBSTEP ASA	486 427	1.8	Ordinary	Norway
Taaleri Nordic Value Equity Fund	470 000	1.7	Ordinary	Finland
Citibank. N.A.	438 491	1.6	Nominee	Finland
BOREA GLOBAL EQUITIES SPESIALFOND	422 264	1.6	Ordinary	Norway
SEB PRIME SOLUTIONS CARN Long Shor	400 000	1.5	Ordinary	Luxembourg
NWT MEDIA AS	390 000	1.4	Ordinary	Norway
ILLARI AS	387 268	1.4	Ordinary	Norway
SALT VALUE AS	358 130	1.3	Ordinary	Norway
J.P. Morgan Bank Luxembourg S.A.	357 780	1.3	Nominee	Sweden
DnB NOR Bank ASA	350 000	1.3	Ordinary	Norway
Total top 20 shareholders	18 209 804	67.5		
Other	8 757 213	32.5		
Total shares outstanding	26 967 017	100.0		

TOP 20 SHAREHOLDERS | SHARE OF TOTAL | BY GEOGRAPHY

Top 20 shareholders
11 Feb 2019



Top 20 shareholders by geography
11 Feb 2019

